

November 10, 2017

Ms. Kathryn J. Olson Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Alteration Request (Section 1130.750)
NorthPointe Health and Wellness Campus Project Number 13-072

Dear Ms. Olson,

Pursuant to Section 1130.750 of the Illinois Health Facilities and Services Review Board rules, we are requesting an alteration of Project 13-072 to modify the approved capitalized project cost and sources of funding for the project.

The Ambulatory Surgery Treatment Center (ASTC) project on our NorthPointe Health and Wellness Campus, referenced above, was approved and granted a Certificate of Need by the Illinois Health Facilities and Services Review Board on June 2, 2015, altered on January 17, 2016, and obligated on March 15, 2016.

The approximate 31,000 BGSF new construction project houses a multi-specialty ASTC with two GI procedure rooms and two operating rooms in 11,000 square feet of the new construction located at 5605 East Rockton Road, Roscoe, IL. The permit was approved with a total capitalized project cost of \$15,276,194.00. The primary construction phase is complete and we have been licensed by IDPH as noted in our June 2, 2016 annual progress report. In addition, we are fully operational and are currently addressing minor building corrections and adjustments. The process is anticipated to be fully completed by December 1, 2017.

The updated total capitalized cost of the project is projected to be \$15,480,732.00 as compared to the project's original estimate of \$15,276,194.00, a negative variance of \$204,583.00 or 1.34% of the approved project costs. Hence, the reason for this required alteration. The updated costs are noted on Attachment A. The overall project and square footage of the center conform to the approved project as altered on January 17, 2016.

Due to strong financial performance we were able to finance \$4,392,018.00 of the project through cash and securities, reducing the use of bond proceeds from the initially projected and approved \$14,476,194.00 to \$11,088,714.00. This alteration in funding sources also reduced the project's capitalized interest expense (Net interest expense during construction).

Our alteration request processing fee in the amount of \$1,000.00 (Section 1130.230) is enclosed with this submission.

At-Home Healthcare
1904 E. Huebbe Parkway
Beloit, WI • (608) 363-5885

Beloit Clinic
1905 E. Huebbe Parkway
Beloit, WI • (608) 364-2200

Clinton Clinic
307 Ogden Avenue
Clinton, WI • (608) 676-2206

Darien Clinic
300 N. Walworth Street
Darien, WI • (262) 882-1151

Janesville Clinic
1321 Creston Park
Janesville, WI • (608) 757-1217

**NorthPointe Health &
Wellness Campus**
5605 E. Rockton Road
Roscoe, IL • (815) 525-4000

NorthPointe Terrace
5601 E. Rockton Road
Roscoe, IL • (815) 525-4800

**Occupational Health Sports
& Family Medicine Center**
1650 Lee Lane
Beloit, WI • (608) 362-0211

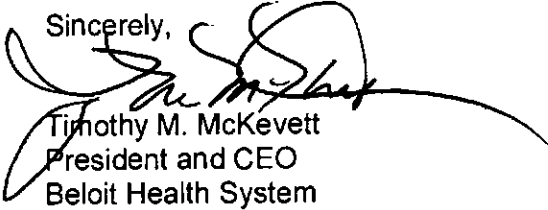
Riverside Terrace
3055 S. Riverside Dr.
Beloit, WI • (608) 365-7222

West Side Clinic
1735 Madison Road
Beloit, WI • (608) 363-7510

Alteration Request (Section 1130.750)
NorthPointe Health and Wellness Campus Project Number 13-072
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Please contact me if you have any questions. I can be reached at 608-365-5685 or by e-mail at tmckevett@beloithealthsystem.org.

Sincerely,

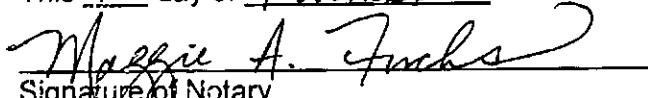


Timothy M. McKeve
President and CEO
Beloit Health System

Notarization:

Subscribed and sworn to before me

This 10th day of November



Maggie A. Fuchs
Signature of Notary
Seal

Attachment: Attachment A – Source and Use of Funds (Updated with Variances noted)

CC: Courtney R. Avery, Administrator
Mike Constantino, Supervisor, Project Review Section
Thomas McCawley, Vice President
Scott Leckey, Chief Financial Officer
Ed Parkhurst, PRISM Healthcare Consulting

Attachment A
NorthPointe ASTC Permit 13-072
Source/Anticipated Use of Funds and Variances

PROJECT COSTS		APPROVED PROJECT	ANTICIPATED EXPENSES	VARIANCE
Preplanning Costs		70,000	56,909	-13,091
Site Survey and Soil Investigation		9,000	8,340	-660
Site Preparation		166,400	93,383	-73,017
Off Site Work		0	0	0
New Construction Contracts (Bldg. Only)		8,888,089	9,538,340	650,251
Modernization Contracts		0	0	0
Contingencies		888,809	98,855	-789,954
Architectural/Engineering Fees		839,766	805,456	-34,310
Consulting and Other Fees		55,720	18,205	-37,515
Movable or Other Equipment (not in construction contracts)	ASTC	1,786,500	2,016,456	229,956
	Other	960,100	1,032,108	72,008
Bond Issuance Expense (project related)		362,000	285,950	-76,050
Net Interest Expense During Construction (project related)		401,810	387,180	-14,630
Fair Market Value of Leased Space or Equipment		0	0	0
Other Costs To Be Capitalized		848,000	1,139,550	291,550
Acquisition of Building or Other Property (excluding land)		0	0	0
TOTAL USES OF FUNDS		15,276,194	15,480,732	204,538

SOURCE OF FUNDS		APPROVED PROJECT	ANTICIPATED SOURCES	VARIANCE
Cash and Securities		800,000	4,392,018	3,592,018
Pledges		0	0	0
Gifts and Bequests		0	0	0
Bond Issues (project related)		14,476,194	11,088,714	-3,387,480
Mortgages		0	0	0
Leases (fair market value)		0	0	0
Governmental Appropriations		0	0	0
Grants		0	0	0
Other Funds and Sources		0	0	0
TOTAL SOURCES OF FUNDS		15,276,194	15,480,732	204,538